weekly economic review

July 12, 2013

Housing Starts

Alberta housing starts remain strong

Housing starts in Alberta totalled 38,700 (Annualized) in June, down from 43,100 in May. June starts were 14.6% above June 2012. Through the first half of 2013, housing starts averaged 37,300, up 11.5% over the same period last year. The year to date growth was largely due to more starts of single-detached dwellings.

Edmonton has been driving new home construction in Alberta. Housing starts in Edmonton for June are up 67.7% over a year ago, and year to date starts are up 44.4%. This has been more than enough to offset weakness in Calgary where starts are down 24.0% year over year, and 20.9% year to date.

Canadian housing starts fell to 199,600 in June and are down 10.1% from June 2012. Through the first half of 2013, starts are down 15.4% nationally, almost entirely due to declines in BC, Ontario and Quebec.

Note: These statistics are unaffected by the flooding in southern Alberta as data collection was completed before flooding began.

New Housing Price Index

Calgary new home price index posts largest increase in over five years

Alberta's new housing price index (NHPI) posted another solid increase, rising 2.7% year over year. The increase is largely due to the housing component (+3.5%) as land prices posted a more modest gain (+1.1%). New house prices in Calgary rose 5.3% year over year, the largest gain since March 2008. In contrast, Edmonton's price index rose only slightly, up 0.2%.

At the national level, NHPI was up 1.8% in May compared with the same month last year.

Building Permits

Permits dip slightly in May, though remain up year-to-date

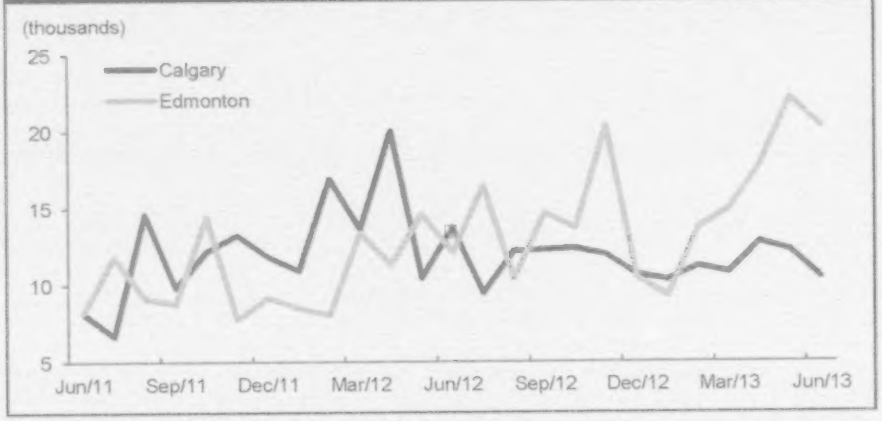
After strong gains in February and March, the value of new building permits fell in each of the next two months, most recently down 7.4% in May. To see past the volatility in building permits it is useful to look at year to date change where the value of new building permits are up 17.8%. The year to date gains are broad based with residential permits up 14.4% and non-residential permits up 22.0%. Strength in non-residential permits is bolstered through notable gains in commercial projects, and incredible growth in institutional permit values, though the numbers are leveled slightly with small losses seen for industrial permits.

Business Outlook Survey (BOS)

Businesses take wait-and-see approach

For the first time in two quarters, representatives from Canadian businesses surveyed for the Bank of Canada's Business Outlook Survey responded that sales volumes were higher in the previous 12 months than in the 12 months before that. However, fewer businesses expect that growth to continue into the future. There are also fewer firms expecting to step up investment in machinery and equipment, however, more firms are expecting to increase their employment. The conflicting responses to the survey are indicative of uncertainty about the health of the current business climate in Canada.

Housing Starts('000)



Source: Canadian Mortgage and Housing Corporation

Closing Price	July 4, 2013	July 11, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	95.03	96.26	97.41
WTI Oil ($US/bbl)	101.24	104.91	95.10
NYMEX Natural Gas($US/MMBtu)	3.69	3.61	3.87

Alberta Economic Indicators

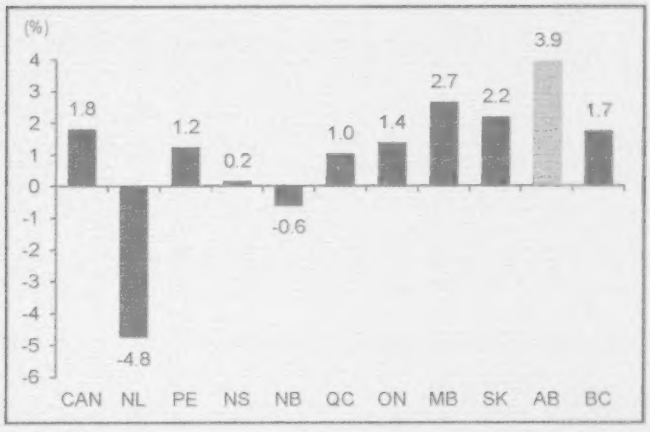
Population	2011	2012	2013YTD	Jan	Feb	Mar	Apr	May	June
Population (000's)	3,778	3,874	3,965	3,931	..	..	3,965	..	..
y/y % change	1.5	2.5	3.0	3.0	..	..	3.2	..	..
Net Interprovincial Migration[1]	8,443	28,170	38,886	11,533	..	..	13,438	..	..
Net International Migration[1]	16,703	37,990	30,779	6,296	..	..	13,874	..	..
Net Non-permanent Residents[1]	-7,604	9,721	9,762	1,133	..	..	6,949	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,184	2,175	2,179	2,168	2,183	2,201	2,201
y/y % change	3.8	2.7	2.1	1.9	2.5	1.7	1.9	2.3	2.6
Unemployment Rate (%), SA	5.5	4.6	4.7	4.5	4.5	4.8	4.4	4.8	5.0
Participation Rate (%), SA	73.7	73.4	72.9	72.9	72.9	72.6	72.5	73.3	73.1
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,094.94	1,083.82	1,099.51	1098.08	1098.36	..	..
y/y % change	4.4	3.6	3.6	3.0	4.5	3.4	3.4	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.0	-0.5	0.9	1.2	1.3	2.3	..
Excluding food and energy	0.8	1.3	1.1	0.8	1.4	1.2	0.9	1.1	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.4	..	..	1.4	..	..	..
Farm Product Price Index (y/y % change)	17.7	6.4	4.6	4.1	5.2	4.4	..	..	..
Crops	18.7	6.5	9.3	8.7	9.8	9.3	..	..	..
Livestock	16.9	6.2	0.2	-0.2	1.1	-0.1	..	..	..
Household Sector									
NEW: Housing Starts (SAAR, 000's)	25.5	33.3	37.3	31.0	35.4	35.1	40.4	43.1	38.7
y/y % change	-5.1	20.9	11.5	18.4	10.9	1.0	1.8	28.5	14.6
NEW: New Housing Price Index[2] (y/y % change)	0.4	1.3	2.4	2.2	2.6	2.4	2.5	2.7	..
Edmonton	0.9	0.9	0.6	0.9	1.0	0.6	0.4	0.2	..
Calgary	-0.1	1.7	4.4	3.3	4.3	4.3	4.7	5.3	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	375.8	367.6	380.1	380.4	374.6	376.4	..
y/y % change	0.5	2.6	4.7	6.6	4.5	5.9	3.5	3.1	..
Edmonton ($ 000's)	324.2	332.7	343.1	337.6	344.0	348.9	345.5	339.5	..
y/y % change	0.7	2.6	3.0	1.6	2.8	5.4	2.8	2.3	..
Calgary ($ 000's)	401.9	410.8	427.9	422.5	436.7	433.9	420.4	426.2	..
y/y % change	1.1	2.2	6.2	12.4	5.7	6.3	3.8	3.3	..
Retail Sales, SA (y/y % change)	6.8	5.9	5.9	4.5	7.5	5.1	6.6	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	7.5	3.6	6.5	-0.1	19.7	..	..
Consumer Bankruptcies	7029	5759	1751	446	412	429	464	..	..
y/y % change	-13.8	-18.1	18.2	-13.7	-22.7	-24.5	-11.3	..	..
Business Sector									
Rigs Drilling	286	250	303	368	422	306	115	88	115
y/y % change	30.4	-12.6	-9.5	-8.2	-8.1	-9.4	-18.2	0.0	-17.3
Goods Exports, customs based (y/y % change)	18.4	1.8	3.0	1.3	2.0	0.0	1.0	11.7	..
Energy	19.2	2.1	3.0	1.0	3.9	-1.4	0.4	12.3	..
Farm, Fishing and Intermediate Food	27.2	20.6	3.1	3.8	6.7	5.4	-6.4	7.1	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	..	..	9.3	..	..	..
Manufacturing Shipments, SA (y/y % change)	17.3	3.4	-2.9	-3.5	-1.0	-3.2	-3.8	..	..
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.9	3.1	6.4	2.6	-0.5	..	..
NEW: Building Permits, SA (y/y % change)	11.8	14.8	17.8	24.7	19.9	38.6	11.4	-0.8	..
Residential	5.2	18.2	14.4	21.2	7.8	14.6	18.4	11.2	..
Non-residential	20.9	10.7	22.0	30.6	36.1	72.1	5.1	14.9	..
Business Bankruptcies	264	230	51	10	14	12	15	..	..
y/y % change	-30.2	-12.9	39.3	-50.0	-44.0	-36.8	25.0	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

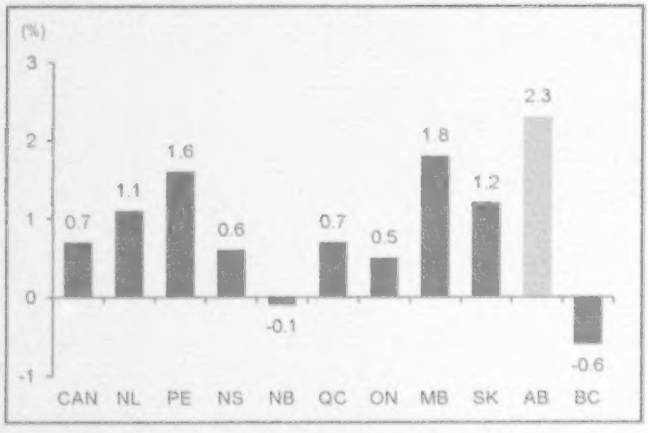
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

Economic Indicators by Province

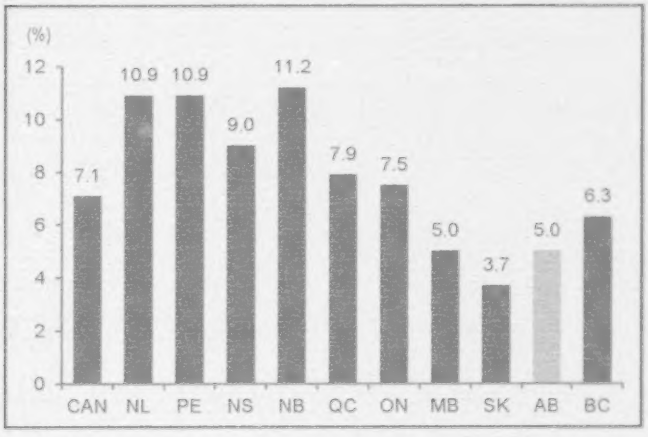
Real GDP by Industry
(2012, year-over-year growth)



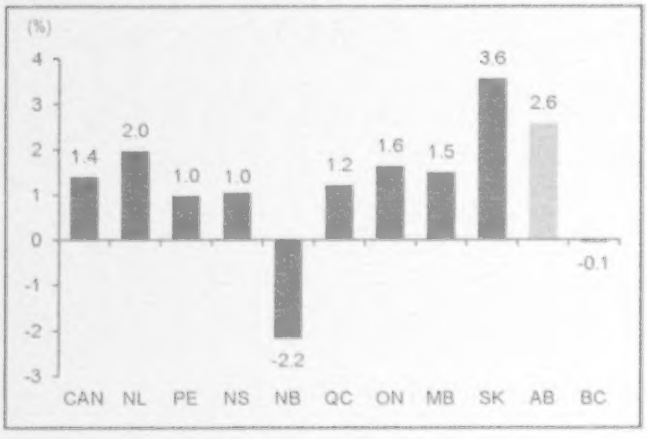
CPI Inflation
(May 2013, year-over-year growth)



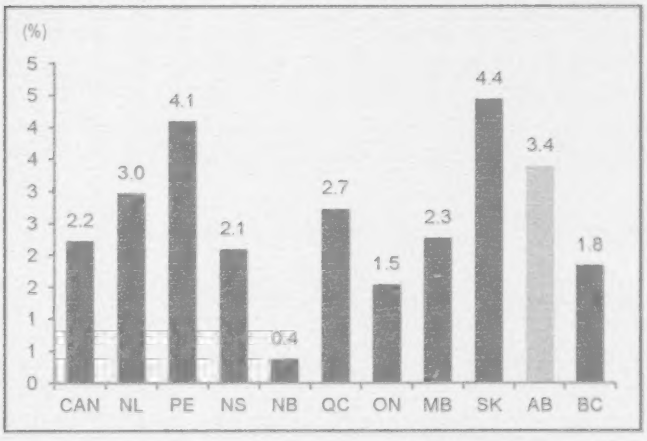
Unemployment Rate
(June 2013)



Employment
(June 2013, year-over-year growth)



Average Weekly Earnings
(April 2013, year-over-year growth)



Housing Starts
(June 2013, SAAR, year-over-year growth)